

### Board Sets New Motor Vehicle Fuel Excise Tax Rate

On February 23, 2011 the State Board of Equalization approved the new excise tax rate for Motor Vehicle Fuel (MVF). The excise tax on MVF will be \$0.357 per gallon for the period July 1, 2011, through June 30, 2012. This is an increase of \$0.004 from the current rate of \$0.353.

The BOE is required to determine the excise tax rate for MVF on an annual basis on or before March 1 to be effective the following July 1. This requirement was part of the fuel tax swap legislation that eliminated the General Fund portion of the sales and use tax on MVF and raised the excise tax rate with the intent of raising the identical amount of revenue. This annual rate change is the mechanism to retain the revenue neutrality of the legislation.